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It is not necessary in this review to consider all the topics covered in the 24 chapters of the book as the treatment of the subject-matter is elementary and to some extent consists of quotations from published articles and addresses. The chapter on valuation is interesting. The Wisconsin Utility Commission definitely adopted the "reproduction cost" basis of valuation. This policy is praised by Mr. Holmes. In view, however, of the very recent repudiations of the reproduction theory by prominent utility regulators, who fear the railroads will be thereby valued too highly, it may be expected that the Wisconsin authorities also will reject the theory. Possibly Mr. Holmes will then realize the force of his own statement: "It is not correct to speak of a standard method of valuation" (p. 41).

The only variation of the "reproduction method" suggested by Mr. Holmes is the "cost new less accrued depreciation." The Wisconsin public utility law directs every public utility in the state to "carry a proper depreciation account whenever the Commission after investigation shall determine that such depreciation account can be reasonably required." Since the determination of the proper and adequate rates of depreciation is left to the state commission, it can be readily inferred that this power, to be properly exercised, requires serious and difficult investigation and constant and intuitive insight into the operating conditions of utilities. Mr. Holmes describes briefly the activities of the commission in its work of determining depreciation rates, particularly its compilation of "life tables" of different classes of properties. He discusses also, in an elementary manner, the bookkeeping methods of providing for depreciation, but intimates that because of the many engineering and economic problems, no attempt is made to cover the entire field—that would require a volume in itself.

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*Railway Regulation. An Analysis of the Underlying Problems in Railway Economics from the Standpoint of Government Regulation.* By I. LEO SHARFMAN. (Chicago: LaSalle Extension University. 1915. Pp. iv, 230. \$2.00.)

Professor Sharfman's *Railway Regulation* is avowedly written as a textbook, and its subtitle, "an analysis of the underlying problems in railway economics," even as limited, arouses hope. Beginning with a few well-chosen paragraphs on the extent and importance of

railway transportation, the author passes to a rather inadequate statement of the problem of regulation; and then takes up an extremely sketchy account of American railway development and of rate-making conditions and forces. He concludes with a description and analysis of state and federal regulation that occupies 136 of the 223 pages of text.

The book has no inconsiderable merits: (1) It contains a clear-cut and fairly satisfactory statement of the economic peculiarities of the railway transportation industry as leading to monopoly and discrimination; and this statement is introduced at points where it throws light on the problem. It is surprising how few of those who know that railways are natural monopolies are able to tell *exactly* the reason for the faith that is in them. (2) The book presents a good discussion of reasonable discrimination and its difference from unreasonable discrimination. (3) The author is able to include brief discussions of such recent events as the Minnesota rate case and the Shreveport case. (4) There is a useful survey of state public utility laws extending through the year 1913, and making up about 15 per cent of the book. This last contribution, however, has for some time been available to American students in an article on "Commission regulation of public utilities," written by Professor Sharfman for the *Annals of the American Academy*.

Quotations from Hadley, Ripley, Hammond, the courts, and articles by Professor Dixon and Mr. Coleman are abundant. The book strikes one as being pretty mechanical in make-up and scrappy in treatment. The ill effects of the scrappy treatment appear in the inadequate discussion of valuation. As nearly as one can make out, the author favors cost of reduplication as the best basis, though one can not be certain, for he appears to have "cost of reduplication" confused with "present value."

In the main, the book is logically sound enough, but several points should be queried: On page 19 it is implied that competition is the normal condition in all manufacturing industries. On pages 72, 73, and 80, the author argues that classification is distinct from tariffs, and that "value of commodity" or "what the traffic will bear" is the basis in the former, and distance or cost in the latter. To the reviewer the distinction seems too sharply drawn. On page 100 it is said to be impossible to consider investment in judging the (absolute) reasonableness of particular rates, and elsewhere the impracticability of basing rates upon cost is asserted.

On the other hand, "public welfare" is held up as an important principle in rate making, and the words "fair," "undue," and "natural," appear freely; while labor is to be moved—where? The tendency of the Michigan group appears to be toward denying the expediency of using estimated costs, and toward trusting to some one's opinion as to what constitutes social welfare. On page 140 the author seems to hold that public welfare counselled the looseness in granting charters that characterized our early policy. On page 99 is the rather naïve assumption that the courts more truly represent the people than do the legislatures.

As minor errors, are found such statements as that the Charleston and Hamburg was chartered in 1829; a failure to note the amended charter of the Union Pacific in 1864 (p. 33); looseness in attributing the grant of \$65,623,000 to all the transcontinental roads (p. 38); and leaving the possible inference on page 37 that the Texas land grants are typical of other states.

One can hardly call Professor Sharfman's book an important contribution to his subject nor a satisfactory text for a general course on railway transportation. But if one wants a brief, clear survey that hits the top of most of the high points in the problem of American railway *regulation*, the book will have considerable utility.

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*English Railways. Their Development and their Relation to the State.* By EDWARD CLEVELAND-STEVENSON. No. 42 in the Series of Monographs by Writers Connected with the London School of Economics and Political Science, edited by W. PEMBERTON REEVES. (London: George Routledge and Sons, Ltd. 1915. Pp. xvi, 332. 6s.)

The title of this volume is somewhat misleading as, essentially, the book is a review of the history of railway amalgamation in England until 1900. After pointing out the precedents for railway amalgamation that already existed in the case of turnpikes and canals, the author goes on to deal with the railway amalgamations of the forties, to which, indeed, he devotes nearly half of the volume. In the discussion of this as also of the subsequent period, his purpose is not so much to enter into minute analysis of the details of amalgamation arrangements as to elucidate the attitude of